

## Message Text

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PAGE 01 GENEVA 04107 01 OF 02 251820Z  
ACTION EB-07

INFO OCT-01 AF-10 ARA-06 EA-07 EUR-12 NEA-10 IO-13  
ISO-00 AGRE-00 COME-00 TRSE-00 STR-04 ITC-01  
SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00 DODE-00  
PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01  
PRS-01 SP-02 SS-15 EPG-02 /112 W  
-----251841Z 042204 /41

O R 251700Z MAY 77  
FM USMISSION GENEVA  
TO SECSTATE WASHDC IMMEDIATE 7669

INFO AMEMBASSY ABIDJAN  
AMEMBASSY ANTANANARIVO  
AMEMBASSY ASUNCION  
AMEMBASSY BANGKOK  
AMEMBASSY BERN  
AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY BRIDGETOWN  
AMEMBASSY BUENOS AIRES  
AMEMBASSY CANBERRA  
AMEMBASSY CARACAS  
AMEMBASSY DACCA  
AMEMBASSY GEORGETOWN  
AMEMBASSY GUATEMALA  
AMEMBASSY HELSINKI  
AMEMBASSY KHARTOUM  
AMEMBASSY KINGSTON  
AMEMBASSY KINSHASA  
AMEMBASSY LA PAZ  
AMEMBASSY LILONGWE  
AMEMBASSY LIMA  
AMEMBASSY LISBON  
AMEMBASSY MADRID  
AMEMBASSY MANAGUA  
AMEMBASSY MANILA  
AMEMBASSY MAPUTO  
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PAGE 02 GENEVA 04107 01 OF 02 251820Z

AMEMBASSY MBABANE  
AMEMBASSY MEXICO  
AMEMBASSY MOGADISCIO  
AMEMBASSY MONTEVIDEO  
AMEMBASSY MOSCOW  
AMEMBASSY NEW DELHI  
AMEMBASSY OTTAWA

AMEMBASSY PANAMA  
AMEMBASSY PORT LOUIS  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY PRETORIA  
:AMEMBASSY QUITO 249-250  
AMEMBASSY RABAT  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY SANTIAGO  
AMEMBASSY SEOUL  
AMEMBASSY SOFIA  
AMEMBASSY STOCKHOLM  
AMEMBASSY SUVA  
AMEMBASSY TAIPEI  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY TEL AVIV  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA  
AMEMBASSY WELLINGTON  
AMCONSUL BELIZE  
AMCONSUL CALI  
AMCONSUL CAPETOWN  
AMCONSUL DURBAN  
AMCONSUL GUAYAQUIL  
AMCONSUL RIO DE JANEIRO  
AMCONSUL SAO PAULO  
USMISSION OECD PARIS  
USMISSION USUN NEW YORK

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PAGE 03 GENEVA 04107 01 OF 02 251820Z

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 4107

E.O. 11652: N/A  
TAGS: UNCTAD, ETRD  
SUBJECT: SUGAR NEGOTIATIONS: CHAIRMAN'S PROPOSAL

REF: GENEVA 4046

1. AT THE SECOND MEETING OF THE CHAIRMAN'S ADVISORY GROUP (6 IMPORTERS, 10 EXPORTERS), AFTERNOON OF MAY 24, CONFERENCE CHAIRMAN JONES-PARRY TABLED A PACKAGE PROPOSAL FOR A NEW INTERNATIONAL SUGAR AGREEMENT (ISA). PACKAGE IS DESIGNED TO STABILIZE PRICES IN MIDDLE BAND OF AN 11 TO 21 CENT PRICE RANGE. IT WAS DISCUSSED FOR TECHNICAL CLARIFICATION, BUT NO SUBSTANTIVE DECISIONS WERE MADE ON IT. PROPOSAL MIGHT FORM A BASIS FOR NEGOTIATIONS, BUT OBVIOUSLY WOULD REQUIRE CONSIDERABLE ALTERATION.

2. MAJOR ELEMENTS OF PROPOSAL ARE:

(A) GLOBAL QUOTA. STARTING WITH 15 MILLION TON FREE MARKET, DECUTIONS WOULD BE MADE FOR "LITTLE GUYS" (400,000), NON-MEMBERS (600,000), AND OTHER ENTITLEMENS (2 MILLION), LEAVING 12 MILLION TONS 1978 GLOBAL QUOTA TO BE DIVIDED AMONG THE REST (NUMBERS ARE NOTIONAL APPROXIMATION).

(B) INITIAL PERCENTAGE MARKET SHARES. FIXED FOR FIRST TWO YEARS OF ISA. INITIAL QUOTAS SHOULD NOT BE REDUCED BELOW 85 PERCENT.

(C) REVISIONS OF MARKET SHARES. WILL BE REVIEWED FOR THIRD, FOURTH, AND FIFTH YEARS (SIXTH ALSO, IF EXTENDED). REVISIONS WILL BE NEGOTIATED, BUT TAKING INTO ACCOUNT PERFORMANCE AND "ASCERTAINABLE PLANS AND ASPIRATIONS."

(D) SHORT FALLS (SURRENDERS). AUTOMATIC REDISTRIBUTION WHEN PRICE BETWEEN 13 AND 16 CENTS.

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PAGE 04 GENEVA 04107 01 OF 02 251820Z

(E) PRICES: SECTOR CENTS PER LB.

(I)	UPPER	19 - 21
(II)	MIDDLE	13.5 - 18.99
(III)	LOWER	11 - 13.49

QUOTAS WILL BE REMOVED AT 16 CENTS (NO SEPARATE PRICE TRIGGER IS SPELLED OUT FOR REIMPOSITON). AT 15 CENTS THE GLOBAL QUOTA WILL BE "NOT LESS THAN 100 PERCENT," BUT COUNCIL WILL HAVE

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PAGE 01 GENEVA 04107 02 OF 02 251833Z

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O R 251700Z MAY 77

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TO SECSTATE WASHDC IMMEDIATE 7670

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PAGE 02 GENEVA 04107 02 OF 02 251833Z

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AMCONSUL BELIZE

AMCONSUL CALI

AMCONSUL CAPETOWN

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PAGE 03 GENEVA 04107 02 OF 02 251833Z

LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 4107

AUTHORITY TO ADJUST GLOBAL QUOTA. (IN RESPONSE TO QUESTIONS, JONES-PARRY THOUGHT GLOBAL QUOTA SHOULD BE REDUCED TO 95 PERCENT AT 13.50 CENTS AND 90 PERCENT AT 12 CENTS.) (NOTE: TRIGGERS FOR DIFFERENT ACTIONS ARE IN FACT SPREAD THROUGHOUT UPPER, MIDDLE AND LOWER BANDS; CLOSEST THING TO A FREE ZONE IS 16 TO 19 CENTS).

(F) NON-MEMBERS. IMPORTS FOR NON-MEMBERS TO BE LIMITED TO AVERAGE OF IMPORTS FOR THE 1974-1976 PERIOD IF PRICE BELOW 21 CENTS.

(G) ASSURANCE OF SUPPLIED. PRIORITY TO PURCHASING MEMBERS WHEN PRICES WITHIN RANGE. PURCHASING AND SUPPLY COMMITMENTS CONCEPT DROPPED.

(H) MINIMUM STOCKS.

(I) MINIMUM STOCKS OF 1.75 MILLION TONS, PRO-RATED ACCORDING TO MARKET SHARES, WITH 1.5 COEFFICIENT APPLIED TO DEVELOPED MEMBERS.

(II) VERIFIED BY WAREHOUSE RECEIPTS.

(III) STOCKS RELEASED IN TRANCES OF ONE-THIRD AT 19, 20, AND 21 CENTS.

(IV) STOCK REPLENISHMENT AT 16 CENTS.

(I) SPECIAL STOCKS: WHEN GLOBAL QUOTA IS CUT TO 95 PERCENT, THREE PERCENT OF INITIAL GLOBAL QUOTA (360,000)

WOULD BE PUT IN SPECIAL STOCKS, AND ANOTHER THREE PERCENT  
(360,000) WHEN GLOBAL QUOTA REDUCED TO 90 PERCENT. OF THIS,  
360,000 TONS WOULD BE RELEASED TO "HELP TO MEET AN EXPORTING  
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PAGE 04 GENEVA 04107 02 OF 02 251833Z

MEMBER'S QUOTA INCREASE", WHEN THE GLOBAL QUOTA  
IS INCREASED FROM 90 TO 00 PERCENT. THE REMAINING  
360,000 TONS WOULD BE RELEASED WHEN QUOTAS ARE SUSPENDED  
AT 16 CENTS. SORENSEN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, NEGOTIATIONS, MEETINGS, IMPORTERS, EXPORTERS, PROGRESS REPORTS  
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**Copy:** SINGLE  
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**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Original Handling Restrictions:** n/a  
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**Subject:** SUGAR NEGOTIATIONS: CHAIRMAN'S PROPOSAL  
**TAGS:** ETRD, UNCTAD  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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US Department of State  
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22 May 2009  
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